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07 2014

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Spring Professional Japan



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EURObiz Japan welcomes story ideas from readers and proposals from writers and photographers. Letters to the editor may be edited for length and style.

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A STAR ALLIANCE MEMBER

Contributors



Martin Foster
investigates renewable energy in Japan, page 16.

Martin is a freelance journalist who now covers environmental issues after a career in economic journalism. Apart from serving as the Tokyo correspondent for *Windpower Monthly*, he has also written about the environmental cost

of the overfishing of bluefin tuna in the Mediterranean.

"The March 2011 disaster should have been a major driver for renewable energy in Japan, but dithering by previous governments and the reemergence of a conservative bureaucratic-business alliance has diluted the purity of the original eco-friendly vision, redirecting efforts and funds to ageing and dodgy nuclear power plants. That makes Bolli Thoroddsen's activities in Gunma prefecture critically important in the challenge to find environmental alternatives to vulnerable fission."

Writing in and about Japan since 2000, Gavin contributes articles to magazines, websites and newspapers in Asia, Europe and the US on a wide range of topics, many of them related to business.

"Having wondered why decent cheese was so expensive in Japan, finding out not only that import duties were nearly a third, but that they also applied to refrigeration costs during transportation, helped answer that question. However, learning that tens of millions of kilos of low-quality, processed

Gavin Blair gives us a taste of the cheese industry, page 26.



cheese is imported annually tariff-free, did little to help make logical sense of the situation."



Dr Nancy Snow writes about nation branding in this month's Brand Aid column, page 43.

Dr Snow is a visiting scholar at Keio University's Institute for Media and

Communications Research. She is researching how Japan is rebuilding its brand image in the aftermath of 3/11.

"It's important to understand how your country is viewed in reputation, image and credibility because it impacts your bottom line. Too often, though, nation branding is discounted as just a quick fix marketing campaign before an event. It is really more about building good international public relations over time."

A woman with dark hair and brown eyes is looking directly at the camera. She is holding a clear glass globe with both hands. Inside the globe, a detailed black and white city skyline is visible, featuring several prominent skyscrapers. The background is a plain, light grey color.

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Womenomics, renewable energy and nation branding

Kathy Matsui is likely Japan's best-known campaigner for work-place equality. The long-time Goldman Sachs executive wrote her first Womenomics report in 1999, extolling the benefits of promoting women to executive positions in Japan. Matsui's work has been so groundbreaking that Prime Minister Shinzo Abe mentions her by name when speaking about the issue—a key element of his growth-promotion policies. Abe's government has set targets for the hiring of women in government offices and the private sector. But are people listening? Have women gained any ground since Matsui's report was first published 15 years ago?

Lucy Birmingham attempts to answer these questions by going directly to Matsui (page 10). Birmingham talks to other women, too, about whether progress is being made in Japan's male-dominated work environment.



Also this month, we take a look at another issue vital to Japan's future: renewable energy. Christopher S Thomas reports (page 29) on a German company that is supplying solar inverters to Japan's largest plant in Kagoshima. And Martin Foster tells us

(page 16) about other European firms that are leading the way in developing wind, solar, bio mass and geothermal energy in Japan.

Finally, we're pleased to welcome Dr Nancy Snow to our pages this month, as she writes our July Brand Aid column. Dr Snow is a renowned academic and a visiting scholar at Keio University's Institute for Media and Communications Research. She is currently researching the nation's brand image in the aftermath of 3/11. Her analysis is insightful and interesting. We're happy to have her contribution.

Thanks for reading once again. [e](#)

Mike de Jong
Editor-in-chief

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Womenomics

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Text **LUCY BIRMINGHAM**

“WE ALL NEED TO WORK **VERY QUICKLY** AND TOGETHER TO ACHIEVE THOSE GOALS”

Kathy Matsui



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It's been 15 years since Kathy Matsui and her Goldman Sachs team coined the term “Womenomics” in their 1999 report on the need for Japan to leverage more fully half its population. Her fourth report on the topic, *Womenomics 4.0: Time to Walk the Talk* was published in May 2014. Finally, Matsui has found her government cheerleader in Prime Minister Shinzo Abe, now tasked with averting an economic crisis. His battle call: more working women to boost the shrinking workforce and GDP. But can the government and Japan Inc. fully get with the programme?

Progress has been made, says Matsui, but there's a long way to go.

“The female [labour] participation rate in Japan is now nearly 63%, higher than the 57% rate in 1999,” Matsui explains. “The biggest change is probably that it's now part of the vernacular of Japanese society, and so more people are talking about it in business circles and the media. It starts from that—talking about it; debating it; what should be done.

Everybody has an opinion. I think that's a start, but we have a long way to go before we reach the ambitious goals that Prime Minister Abe has set. We all need to work very quickly—and together—to achieve those goals.”

Matsui points to the government's vital role in implementing change. “There are certain things that only the government can control, such as tax issues,” she says. “Once those obstacles are cleared, [more] progress can be made. Hopefully, the prime minister will also talk about it more in his public speeches.”

Indeed, Abe is widely promoting his

Changing times?

On 23 June, a Tokyo city assembly member from Prime Minister Shinzo Abe's ruling Liberal-Democratic Party apologised for shouting sexist taunts at a female colleague during a debate the previous week.

The 51-year-old Akihiro Suzuki admitted that he had yelled: “Why don't you get married?” at opposition assemblywoman Ayaka Shiomura. Suzuki had previously denied the taunts, which were caught on tape.

The episode sparked widespread outrage and cast a harsh spotlight on the attitudes of some older men who hold senior positions in Japan.

The case also suggested how difficult it might be for Abe's diversity efforts to succeed in the Japanese workplace.

goals for Japanese women. “Abenomics cannot succeed without Womenomics,” he stated at a summit on women in business in May. “Women's empowerment is the core of my growth strategy... According to Ms. Hillary Clinton, if female work participation becomes equal to men, Japan's GDP will increase by 16%.”

Abe also reiterated his 2020 goal for 30% women in leadership roles. But today the share of women in Japan's managerial positions or on corporate boards remains one of the lowest among developed countries —11% and 1.4%, respectively.

Should increasing the female labour participation (FLP) rate be the main objective? “That's not enough,” says Riwa Sakamoto, overseeing diversity programmes at the Ministry of Economy, Trade and Industry (METI). She offered some surprising statistics at a Foreign Correspondents' Club of Japan news conference in April.

“Japan's FLP rate increase has actually led to a decrease in the birth rate. This is because there's not enough social support for balancing work and life, especially childcare services,” she says. “Studies show developed countries with higher FLP tend to have higher birth rates, because they have these services. We need to do the same.”

As a mother of four, Sakamoto understands the challenges faced by working mothers in Japan. She credits her parents with enabling her to work outside the home. “My parents look after my children while I'm at the office. I couldn't manage without their support.” She adds, “I'm generally allowed to leave the office at about 8:00 or 9:00 [p.m.], which is early for many government agencies. Then after getting home, I do my family work.”

Sakamoto and her METI team are pushing for policies that include support for work-life balance; revamping the labour regulations to allow flexible work hours and work-at-home options; and eliminating the childcare waiting lists. Prime Minister Abe's goal is to provide day-care services for an additional 400,000 children by FY2017. But Sakamoto estimates the demand is actually for 850,000 to 1 million.

She also cites the need for changing the tax and social insurance systems that

IT Business and Resources

by James Kikuchi, Director, IGS

Information technology remains the bedrock foundation for our organisation, which also consists of industrial and finance divisions. Currently, IT is split into four teams that cover a wide range of relevant sectors to assist almost all types of clients and candidates. Our unique position and track record in the Japan recruitment market, as we enter our third year of operations, give us a foothold with more Japanese companies looking to globalise and hire bilingual talent than any other gaishikei (foreign multinational) recruitment firm.

Entering the summer months, and closing out the first quarter of our fiscal year, is a good time to reflect on the progress and trends within the marketplace.

Market trends

Demand for new and more advanced technology solutions persists, but the economic climate in recent memory has not necessarily provided the finances or approved budgets to support it. What company wouldn't want to take advantage of the latest mobile devices, BI tools, video-conferencing incorporating real-time analytics, network security solutions, or simple applications that don't crash and are supported by a strong infrastructure? Fortunately, the outlook on the overall market is quite positive, and is resulting in far more aggressive technology strategies being employed.

Cloud computing

Most large enterprises have employed some kind of cloud computing strategy for their business, and the benefits have been well documented. It is cost-effective, and growing demand has resulted in more competitive pricing. After 3/11, businesses were quick to realise the benefits — and necessity — to having in place a cloud-based disaster recovery strategy. Since 2011, enterprises have been attracted to cloud computing because of the natural disaster risks in Japan.

However, financial services have been the most sceptical about cloud computing because of overwhelming security concerns surrounding a cloud-heavy strategy. Fortunately, with improvements in reliability, greater knowledge of the risks and how to tackle them — plus firms "owning" their



“Far more aggressive technology strategies [are] being employed”

own cloud — more large financial service environments are relying on cloud solutions that enable the business to move with the times. Greater e-commerce activity and mobile device usage have urged financial institutions to become competent and proficient in this ever-advancing technology.

Security

When it comes to employing and implementing effective security measures, Japan is still way behind in most industries. Notwithstanding, as more firms incorporate cloud computing as a key part of their IT strategy, there is a need to combat the increased risk of attack. Even the most well-established gaishikei firms with a long history in Japan have to hire new staff to tackle the issues surrounding both network and information security. There is a huge demand for qualified professionals in the fields of audit and security, and those with a background in security command centres.

Upgrading

While conditions may never return to the pre-Lehman Shock days and the market around 2006, this year has certainly seen a much more positive market with industries such as recruitment, financial services and consulting offering particularly good benchmarks. Technology vendors and IT advisory firms have been busy with clientele looking to upgrade the performance of their existing systems. Greater competition amongst vendor companies has meant that solutions are more cost-effective and commercially attractive to prospective buyers.

“WOMEN ARE CONSTRAINED NOT JUST WITH THEIR OWN CHILDREN, BUT TAKING CARE OF AGEING PARENTS, ESPECIALLY NOW WITH JAPAN’S **GROWING NUMBER** OF ELDERLY. THIS IS GOING TO BE A HUGE CHALLENGE FOR BOTH MEN AND WOMEN, AND JAPAN’S LABOUR MARKET.”

Nami Abe

are now barriers to female employment. “Income distribution of married women peaks at around ¥1 million,” she explains. “This is because many female part-time workers adjust their working hours in order not to exceed the limit for spousal tax deduction (¥1.03 million) and social insurance exemption (¥1.3 million).”

To overcome some of these challenges, METI launched its Diversity Management Selection 100 project in FY2012. The purpose is to promote diversity as a smart business strategy, and spotlight companies that excel in diversity hiring practices and management. METI also joined with the Tokyo Stock Exchange in FY2012 to jointly launch their Nadeshiko Brand programme. The aim is to recommend to investors those enterprises actively promoting career development for women and work-life balance policies. Recommended companies are selected based on a scoring system.

Nami Abe, senior staff writer for the *Nikkei Shimbun* and former editor-in-chief of the “Working Women’s Section”, cites eldercare as another hurdle. “Women are constrained not just by their own

children, but [by] taking care of ageing parents, especially now with Japan’s growing number of elderly. This is going to be a huge challenge for both men and women, and Japan’s labour market.”

According to a recent *Nikkei* survey, some 100,000 people leave their jobs every year to take care of ageing parents. “Japanese companies are going to have to become more flexible and accept the fact that their employees will have to spend some years taking care of their children and their ageing parents.”

Nami Abe feels the new, stricter regulations governing medical costs deepen the problem. “If a parent is frail but not in need of advanced medical care, they no longer qualify for long-term hospital care as before,” she says. There are now some 520,000 people nationwide on waiting lists for intensive care nursing homes that accept social insurance, she explains. “It’s assumed these elderly can be taken care of in the home; but if you look regionally at the local community level, there’s a huge lack of caretakers who can do this.”

At the Women in Business Summit in

May, astronaut Naoko Yamazaki pointed to Japan’s inflexible education system as a major reason why there are so few women pursuing careers in science, technology, engineering and maths (STEM). “Students must decide their college major in high school ... Our career is fixed ... Switching majors in college is difficult”, she explains. “I really liked science when I was in high school, but wondered if it wouldn’t be better to choose a liberal arts major.”

How to get Japanese men to participate more in policy and societal reforms? Yuko Ando, one of Japan’s most-venerated senior TV news anchors, revealed her recipe for changing the Japanese male mind-set during a recent talk with the foreign press: change their mothers’ way of thinking. “Japanese mothers want to do everything for their sons,” she said. “It’s considered a positive thing, but in time their sons get spoiled. For instance, many say they’re not allowed in the kitchen. Unless you change this in the home, it will be very hard to make the change in society overall.” 

Luisa Santos

International Relations Director, Business Europe

Business Europe is a lobby group in Brussels, representing companies large and small in 35 European countries. Founded in 1958, the organisation plays an influential role as one of the leading business voices in Europe, advocating growth and competitiveness across the Continent. Mike de Jong spoke with Director of International Relations **Luisa Santos** during her recent stop in Tokyo.

From what you have been told, are you pleased with the progress being made in free trade talks between the EU and Japan?

I think the idea of the first year of negotiations was to try to go as far as possible. And for the EU side, from the beginning it was always very important to see some progress on the part of Japan in terms of non-tariff barriers. There are a number of non-tariff barriers in different sectors that were identified before negotiations started. Some progress in addressing these barriers should occur during the first year of negotiations.

I think—although it's a bit early to say, of course, because the decision is in the hands of the member states—that there is momentum now, and I think that most people would like to give the negotiations a chance to continue.

Are there any sectors where, more than in others, you would like to see barriers come down, or is it an across-the-board deregulation framework that you would like to see?

It is not deregulation that we would like to see, but we want to avoid duplication of procedures or companies having to produce two types of products due to differences in the legislation that are unnecessary and can be avoided. What we are asking is [that]—when we have international standards—we both adopt the same standards. The idea is not to deregulate or to reduce the level of standards in terms of security, consumer protection or safety; but to have similar standards and regulations since we both aim at attaining a high level of protection and consumer safety.

Sometimes we are talking about exactly the same levels of protection; it's only that they are being achieved and checked in a different way. This means different documents, different approvals; you need to do testing twice. This is the kind of thing that we are aiming at eliminating. But we are not aiming at deregulation or lowering the standards.

What about areas such as intellectual property? How would these be covered in trade deals like this?

Both our economies are based on innovation and technology. So it is in [both] our best interests to ensure high levels of protection of intellectual property rights. This will ensure that our investments in these areas are secure and protected. So we need to have strength in terms of IP protection.

Another area where I think that openness in the markets should be viable is in public markets and public projects. A lot of regulations have been used to prevent foreign companies—in particular, EU companies—from accessing public markets. We think regulations are important to secure a certain level of standards, but should not be used as a way of protecting local industry against competition.

How, then, do countries protect local cultures and industries when they are opening their doors to outside competition?

In Europe, we are negotiating as a unit, but we have a lot of cultural differences. We have differences in food, differences in language. And you have a complete open market, where you have the free movement of people, of goods, of capital, and so



“WE BELIEVE THAT
**PROGRESS, GROWTH
AND INNOVATION**
COME FROM INCREASED
COMPETITION”

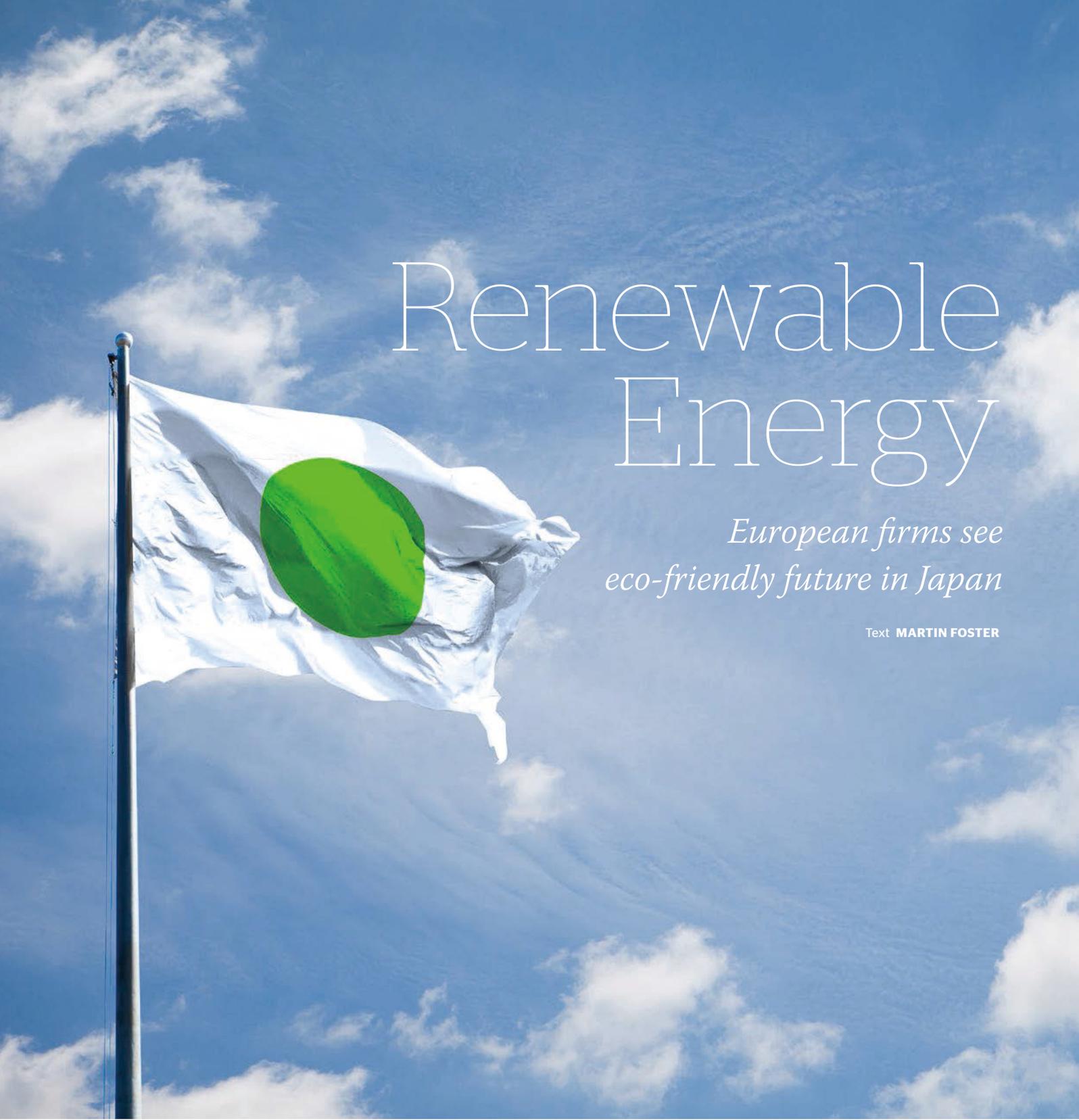
on. And this has not destroyed the sensitivity of the culture in each and every country. So if you want to find an example, this is one that you can show. And the fact that you have competition does not prevent the consumer from making choices that are based on culture, or [having] a preference for local products. If the consumer is into traditional products, they know where to get them. But it should be up to the consumer to choose, and not be a regulation or a state to impose its own products.

We have a lot of these discussions in Europe around free trade and how much it impacts industry. Of course it [does]. The fact that you have an open market means that you have

increased competition, but it's also a way to make companies change and be more innovative. We believe that progress, growth and innovation come from increased competition.

As an outsider, do you believe Japan is ready to accept this kind of openness and change?

We hope so. I think that Japan is engaged in two major important trade agreements, including the Trans-Pacific Partnership and the one with the EU. So if Japan is really committed, we will see [openness and change] now. If Japan wants to conclude a free trade agreement with the EU, it will have to change, for sure. 



Renewable Energy

*European firms see
eco-friendly future in Japan*

Text **MARTIN FOSTER**

European companies are playing substantial roles in the Japanese renewable energy market, offering innovative solutions in wind and solar power, geothermal and biomass-driven energy.

Although prime minister Shinzo Abe's government has not set a specific target for renewable energy since coming to power at the end of 2012, European

firms are among those players hoping the administration will follow-through on campaign pledges that 30% of all Japanese energy be provided by renewable sources by 2030.

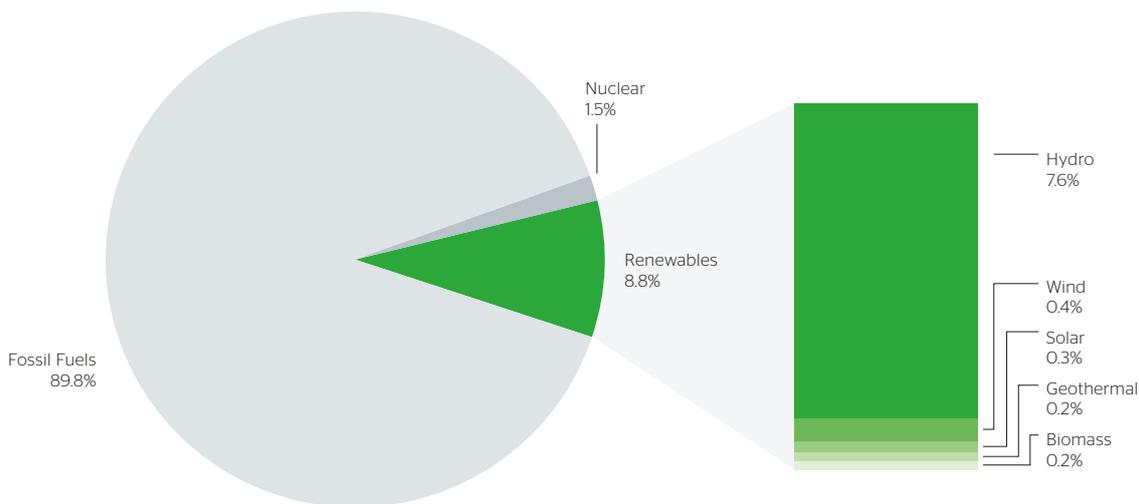
"Why wind?" asks Ken'ichi Fujita, senior executive operating officer, energy section, at Siemens Japan. "Because, among renewable energies, there are a number of alternatives, but wind is a proven technology in power generation

cost[effectiveness] and capacity," he says.

Siemens supplies and operates over 100 wind turbines in Japan, including 17, 3-megawatt turbines for a project announced last August at Akita Port, on Japan's north-west coast.

These turbines each have 50% more power-generation capacity than the 2-megawatt model currently the standard in Japan. They take advantage

Japan's Total Electricity Production (2012)



SOURCE: JAPAN RENEWABLE ENERGY FOUNDATION

of a cutting-edge gearless direct-drive technology developed by Siemens. That means fewer maintenance needs, based on a lower number of components and, given its lighter weight, easier transport up Japan's notoriously steep and winding mountain roads.

Unlike high-capacity Japanese turbines for offshore use that are still being tested, Siemens' 6-megawatt turbine is ready for commercial use, underlying the potential of the offshore wind market.

"If you want to hold a certain presence in the Japanese renewable energy power-generation market, then you must be involved in offshore wind," says Fujita.

Norway is a major producer of solar-grade silicon that is a component of solar panels—ironic, given that the Scandinavian country is normally associated with short summers and winter sports. Norway's Elkem, in fact, is an industry leader. Compared with conventional silicon, Elkem's solar-grade silicon boasts one-quarter less energy consumption and, as a result, carbon

dioxide emission is also one-quarter to one-tenth lower.

Elkem recently obtained an official Carbon Footprint in Japan, a first for solar-grade silicon, according to Elkem Japan president, Hiroyuki Date. The company has formed a joint venture with Tobata Kounyu, a Kitakyushu-based cargo handling and warehouse management firm. The combined firm, Elkem-Tobata Renewable Energy, will promote solar modules using developed silicon in the Kyushu area.

Using local engineering, procurement and construction (EPC) contractors, Elkem-Tobata has already installed nearly 3,000 kilowatts of solar power

systems on the roofs of Tobata's warehouses, and hopes to persuade other warehouse owners to install environmentally beneficial solar modules.

Another company, Showa Shell Sekiyu, aims to contribute to Japan's eco-friendly future not only by building a biomass-driven power station, but also by recycling existing facilities to do so.

In 2011, the company, which is part-owned by Royal Dutch Shell, phased out an oil refinery processing 120,000 barrels a day in Kawasaki city—amid declining demand for petroleum products. There were redundant facilities—such as a wharf capable

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Bolli Thoroddsen

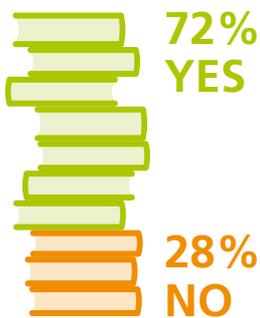


Japanese workers feel a mismatch between their job and education

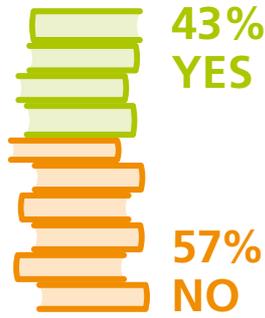
does your job match your academic achievements?

About 60% of Japanese workers said they are unable to use their academic skills in their current job

global average



Japan

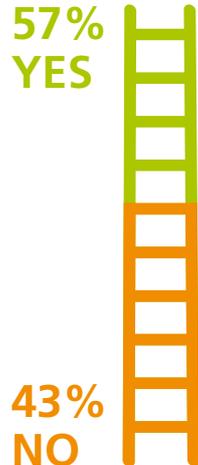


| | China | Canada | Germany | US | Hong Kong | Italy | UK | France |
|-----|-------|--------|---------|-----|-----------|-------|-----|--------|
| YES | 72% | 76% | 75% | 74% | 72% | 71% | 71% | 68% |
| NO | 28% | 24% | 25% | 26% | 28% | 29% | 29% | 32% |

do first jobs set your career for life?

More than 65% of Japanese workers think someone's first job determines the rest of their career

global average



Japan



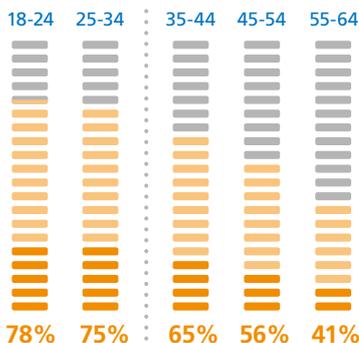
"There is a trend in Japanese society that 'success means making no mistakes', which may result in letting new challenges and chances go by." Masao Karasawa, Head of Human Resources, Randstad K.K.

are you ambitious?

Over 50% of Japanese workers aged under 34 said they are focused on promotion

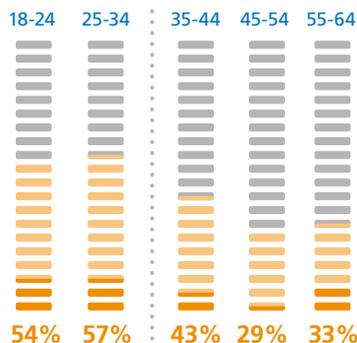
global average

(divided by age group)



Japan

(divided by age group)



- Not focused on promotion
- Somewhat focused on promotion
- Strongly focused on promotion

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“IT IS TRUE THAT THE ONSEN OWNERS ARE **VERY POWERFUL**. BUT, MY STANCE IS THAT JAPAN MUST MAKE THE ONSEN OWNERS STAKEHOLDERS IN GEOTHERMAL POWER PLANTS.”

Bolli Thoroddsen

of docking massive ships, a yard, warehouses—and staff. “We decided at an early stage to close the refinery and make maximum use of existing facilities,” said Minoru Yagyuda, general manager at Showa Shell Sekiyu’s power business division.

Show Shell Sekiyu also invested ¥160 billion (approximately \$1.6 billion) to build the biomass power plant in Kawasaki city. Construction began on the 49-megawatt plant in April, and it is expected to start commercial operations at the end of next year.

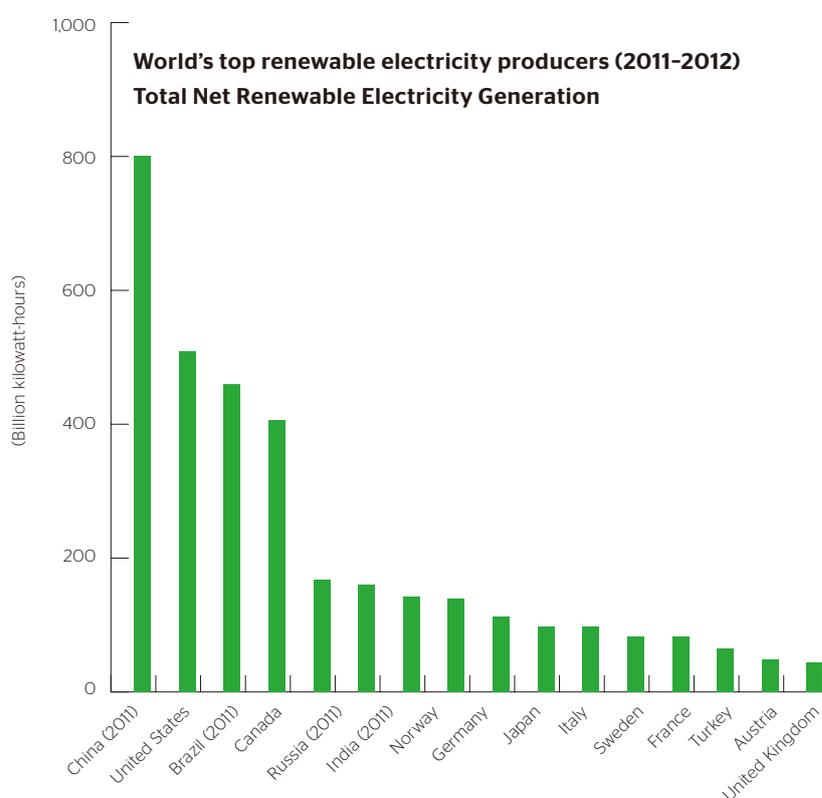
“We are making the shift from petroleum, and are looking to become a company that supplies the type of energy that society needs,” says Yagyuda.

It is not surprising that two of the world’s most prominent volcanic nations, Japan and Iceland, should trade know-how on harnessing geothermal energy.

Bolli Thoroddsen, chairman of the Icelandic Chamber of Commerce in Japan, is also director of Takanawa Partners, a company seeking to introduce Icelandic expertise to companies and into regions of Japan looking to exploit their geothermal power resources.

At least 20 new geothermal projects are underway in Japan, mainly in Hokkaido, Tohoku and Kyushu. But not everyone is happy about attempts to develop Japan’s most indigenous source of renewable energy; some worry that large, geothermal plants could upset natural surroundings.

However, Iceland is a good example of how nature and geothermal energy production can co-exist. The country has allowed for the construction of a large



SOURCE: US ENERGY INFORMATION ADMINISTRATION

facility right next to a UNESCO World Heritage Site at Thingvellir and Iceland’s Blue Lagoon—Europe’s most popular hot spring. The spa remains popular, despite the geothermal facility next door.

Nonetheless, Japan remains reluctant to sanction geothermal exploration in its national parks, and many Japanese onsen owners also tend to see geothermal power as a threat.

“It is true that the onsen owners are very powerful,” Thoroddsen says. “But, my stance is that Japan must make

the onsen owners stakeholders in geothermal power plants. That is the only way to get them on board, and move things forward.”

Thoroddsen himself is involved in negotiations with a municipality in Gunma prefecture to introduce a 2-megawatt geothermal-driven power plant.

“Geothermal energy is a stable, clean and economically viable energy source, so Japan must utilise it in a full, forceful manner,” he says. 



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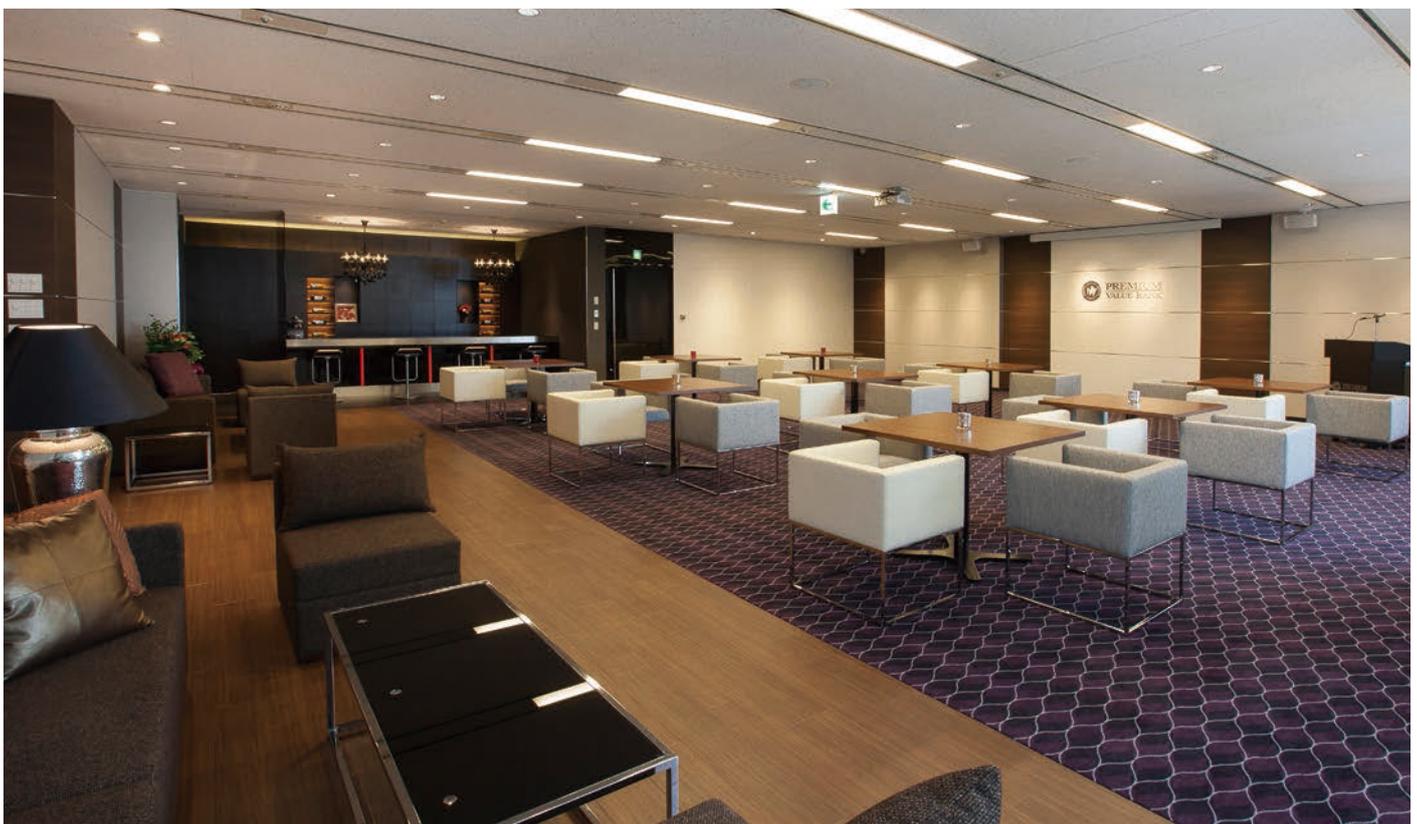
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Calling the shots

*Lanis Yarzab,
Spring Professional Japan*

Text **MIKE DE JONG** Photo **BENJAMIN PARKS**

Like many female executives, Lanis Yarzab's day begins early. A single mother of a five-year-old boy, Yarzab must get her son fed and ready for school before preparing herself for another busy day at the office. She admits she wouldn't be able to combine work with family responsibilities without domestic help.

"I'm lucky because I have someone to help me with my son," she says. "A lot of Japanese women I have met over the years get limited support at home. I feel very fortunate that I have someone to help me, which enables me to do my job."

"Many Japanese women do not have enough support because of a busy partner or the exorbitant costs of hired help. I think Japan is on the verge of change, but many women have full domestic responsibilities, so it's like having two jobs rather than one."

Not surprisingly Yarzab, managing director of Spring Professional—Japan's newest recruiting firm—is a big supporter of relaxing the rules regarding foreign domestic workers. She feels the issue, along with greater funding for daycare and childcare services, should be part of Japan's efforts to keep more executive women in the workforce.

"Daycare works if you have a 9-to-5 job. But once you get into management, you have meetings after work, and a lot of daycares don't accommodate. More daycares are a good start, but it's not the best answer if we want to see women in management. Having better support for foreign [domestic] workers could provide more flexibility for women wanting to work."

Diversity has been a priority for Yarzab since she took the helm at Spring Professional Japan, a subsidiary of the Zurich-based Adecco Group—the world's largest human resources firm. Her staff is divided equally between men and women; and, when dealing with clients, she encourages consultants to promote women as qualified candidates. But Yarzab says many barriers remain in the fight for gender diversity.

"I speak to a number of executives who say 'Our company is focused on bringing in more women'. But when we talk off the record ... and people open up, it's more complex. They will say, 'Of course diversity is important, but it's not a top priority this year'."

"Right now, everyone is talking about the importance of women; they want to hire more women," she adds. "But when

“ I THINK THE
**RECRUITMENT
INDUSTRY HAS**
TO TAKE A
LEADERSHIP
STANCE ”

you speak with midlevel managers at a company, they don't necessarily buy into the idea of diversity. There is a lot of discussion around the issue that in the last 14 years I haven't seen. I think that's really positive. I also think that companies have to look at creating their own solutions, and it has to start from the top."

Launched in May, Spring Professional takes advantage of Adecco's global network and experience with more than 31,000 employees in over 60 countries. In Japan, the firm specialises in permanent recruitment to the IT and engineering sectors—sectors predicted to grow by about 3% this year. But Spring's own research has found that Japan



ranks last among advanced nations in having female IT researchers. The rate of women managers in IT companies is even lower, ranging from 0.1-10%. With a ratio of job opening to application that heavily favours jobseekers, the area is a market waiting to be tapped, Yarzab believes.

"In March of this year, in the IT field, there were two jobs per applicant, and in engineering there was 1.5 jobs per applicant," she points out. "It's increasing year-on-year. Where are we going to find these people? The labour shortage in Japan is a real problem, and yet companies still make decisions based on age, gender and nationality—not giving enough people a chance to interview

when they have the skills to do the job. Sadly, many recruitment companies don't push back. So they are making the situation worse.

"I think the recruitment industry has to take a leadership stance. Many firms still send out resumes with a candidate's birth date, graduation date, and other personal details. Unless the government or the industry sets best practices about what information we give to a potential employer, skilled workers aren't going to get hired," adds Yarzab.

Ageism is another problem affecting the hiring process in Japan. Resumes detailing a jobseeker's age, marital status, nationality and other personal details create an environment for age

discrimination. Yarzab says part of the role of Spring's consultants is to educate clients to seek skill over age or gender.

"Everyone is saying there are no candidates out there," says Yarzab. "There are candidates out there, but client expectations are of finding that perfect individual. And a lot of that perfect individual is based on gender and age, and things that it shouldn't be.

"If it was just about skills, there are skilled workers out there. I think it's the [processes] within companies—or the mind-sets of individuals—that holds back hiring [the most qualified]. So we are trying to educate our clients and say there are people who could do this job; but there is a lot of work to do [still]." 

David Bickle

*Rugby caps and
executive leadership*

Text **MIKE DE JONG**
Photo **BENJAMIN PARKS**



In all of sport, there might not be a more collaborative activity than rugby. Players line up either 15 or 7-a-side, packing down in a "scrum" (at least in the popular "union" form of the game), and battling together to drive the ball towards the opponent's try line. Very often, competitors are left bruised and bloody from the experience but, if they work together, they can be successful.

David Bickle, director of business tax services for the Japan member firm of Deloitte Tohmatsu Tax Co.—and president of the British Chamber of Commerce in Japan—is a former rugby international. He believes the lessons he learned on the pitch helped shape his business philosophy.

"You develop as a team through spending a lot of time together," says Bickle of his rugby experience. "Training together, playing together, sharing in bad performances and bad results, and then working together to improve performance, getting good results and enjoying the success together.

"So I think there are a lot of parallels with working in a corporate organization.

"It [rugby] teaches you as well that there are no short cuts. Thorough preparation and training is very, very important—and it's the same in the business world. Obviously the kind of training you do is different, but the idea of preparation in order to tackle a project is the same."

Prior to first arriving in Japan in 1993, Bickle came through the ranks with top amateur teams in England, and played with Cambridge University teammates who would go on to become internationals. His rugby experience took him all over the world, including stops in Canada, the United States, Zimbabwe, South Africa, Australia and New Zealand.

"In Africa there are great sporting cultures," he says. "South Africa was a tremendous place to tour, because South Africans are so passionate about their rugby.

"When you go over there, they're fully confident that they're going to give you an absolute hiding—and they're very glad you've come all the way there to

get that hiding from them," says Bickle with a chuckle.

Rugby is also the reason that Bickle ended up in Japan—at least in part. After wrapping up his graduate studies at Cambridge, he was offered a chance to work—and play—for Japanese steel giant Kobe Steel.

"When I first came out, Kobe Steel was the power house of Japanese rugby, so it was great going into such an established team."

“ I THINK THERE ARE A LOT OF PARALLELS WITH WORKING IN A CORPORATE ORGANIZATION ”

Working in the land development group at Kobe Steel, Bickle spent many weekends competing in the Japanese corporate league. He even represented Japan at international level.

"I was lucky enough to get picked to play for Japan as well, and managed to pick up a few caps," Bickle recalls. "That was '96. And then in '98, I also toured Australia with them.

"That was as far as I went with the national team. I'd obviously reached my pinnacle and there were some great star players that had come onto the scene. I was very fortunate during that period to be involved and pursue quite a few things that most foreigners don't get to experience."

Along with the good times in Kobe, Bickle also experienced the bad. He was there in 1995 when a massive earthquake devastated the city.

"No one I knew personally was injured. Sadly in our company though, there were, I believe, two fatalities."

Bickle eventually hung up his rugby boots and left Kobe Steel for a career change. He returned to England and joined Andersen. After qualifying as a

😊 Do you like natto?

Time outside Japan: 5 years with Andersen and Deloitte in London

Career highlight: Projects where clients achieve success

Career regret (if any): None

Favourite saying: 虎穴に入らずんば虎児を得ず – "Nothing ventured, nothing gained"

Favourite book: *The Alchemist*, Paulo Coelho

Cannot live without: My family

Lesson learned in Japan: Courtesy costs nothing

Secret of success in business: Try and understand others' point of view

Favourite place to dine out: Tamakairiki – great staff!

Do you like natto? Never my first choice

chartered accountant, Bickle was hired by Deloitte on the tax side. Before long, he was offered a chance to return to Japan.

"Initially it was for another two-year contract, but I very much liked it here working at the Japan member firm in Tokyo," he says. "That was ten years ago, and I'm now based here locally with Deloitte Tohmatsu Tax Co."

With unique experience working in both Kansai and Kanto, Bickle was recently elected to lead the BCCJ. Although he now prefers the safety of the gym and the odd marathon to rugby, he still pays close attention to his favourite sport. He may even coach some day.

"I think in the future I would like to do it. I don't coach now, but when I was actually playing, we did coaching clinics with kids in schools and clubs, which was great fun.

"I think one thing I learned throughout my experience as a player and being coached by many people is that you realise that the best players don't necessarily make the best coaches," Bickle says.

"It takes special qualities, and I'm not sure whether I'd be good in that role or not. I would like to think so, and it's something I'd like to have a go at, I think, a bit later on." 



Small cheese

Euro products limited by tariffs and regulations

Text **GAVIN BLAIR**

When it comes to cheese, almost nobody rolls it in like Japan. With cheese imports of more than 236 million kilos last year, Japan is second only to Russia in terms of volume. But surprisingly, Japan is not a major market for cheese from Europe, the world's largest cheese exporting region. More than two-thirds of Japan's imports come from Australia and New Zealand. High-quality European cheeses are mainly kept off Japanese tables due to import tariffs that keep the price of good cheese artificially high.

France currently exports just over nine million kilos of cheese to Japan, while Italy is responsible for about 8 million kilos, meaning that these two European countries represent a combined 7% of the volume, and 15% of the value. While some brands have carved out a presence here, the growth potential is high for many more quality European cheeses, according to industry experts—but only if duties and other restrictions were eased.

Thierry Cohen, CEO of Japan European Trading (JET), an importer of Italian food products, calls the 29.8% tariff on natural cheese (and 40% on the processed variety) "ridiculously high". "If you're using dry ice to keep it fresh for transportation, which nearly doubles the weight," adds Cohen, "then you're paying the 30% on the whole cost of the air freight, not just the cheese."

Transport costs, storage and a lack of international standardisation add to the challenges for importers. For example, cheeses imported by JET from northern Italy must undergo a quick freezing process that chills them at -70° to preserve their flavours on the journey to Japan. Foreign cheeses must also be free of bacteria.

"Even though nearly all sushi has some listeria in it, there has to be zero listeria on imported products," says Cohen. "If Japan would go to the internationally accepted levels, it would make a big difference."

"We currently take three bags out of every five cases and test one of them. If there's any [listeria] present, we have to

destroy it," reports Cohen, who says that Japan also uses an inaccurate test for the bacteria.

Cohen predicts that the market for quality cheese could double within a few years if the issues of listeria, standardisation and tariffs were resolved.

Japan is a growing market for cheese from Greece. Athanasios Fragkis is founder and CEO of Nostimia, a company out of Ibaraki prefecture that imports organic Greek food and drink. Feta cheese—made from goat's milk—is one of Nostimia's mainstays. The distinctive taste of the cheese comes from the huge variety of flora and fauna that goats consume as they roam the mountainous landscapes, explains Fragkis, who adds that Greeks are some of the biggest consumers of cheese in the world, around 23 kilograms per capita annually.

Despite the 29.8% tax on imported natural cheese, Nostimia has enjoyed double-digit annual growth in sales consistently since its establishment. Fragkis is hopeful the ongoing EU-Japan free trade negotiations will level the playing field.

Top 10 exporters to Japan by country (2010)

SOURCE: JAPAN MANAGEMENT ASSOCIATION, MINISTRY OF FINANCE



“IF JAPAN WOULD GO TO THE **INTERNATIONALLY ACCEPTED** LEVELS, IT WOULD MAKE A BIG DIFFERENCE”

Thierry Cohen

He says another barrier to expanding the range of cheeses offered here is the difference in package size between his home and adopted country.

“In Greece, you never buy less than half a kilo of cheese; but for Japan, you need miniscule 150-gram packs,” says Fragkis. “The producers aren’t interested in making them that small, and it’s difficult to get anyone who can invest the money to do it, especially with the current financial crisis. It’s very expensive to have it packaged in Japan; I’ve been quoted ¥200 per package.”

The Bel Group, a Paris-based cheese specialist, has been in the Japanese market for just over three decades, but it wasn’t until after the turn of the millennium that the company decided to set up a local subsidiary. Hiroshi Ohtaka was hired in 2005 to head the operation and, being unfamiliar with the firm’s products, he went and tried all of them. Ohtaka says he was impressed by the taste, and the fact that he didn’t know

about them made him realise their potential in Japan.

In France, Bel’s Kiri cream cheese is a popular product with children, consumed almost exclusively at breakfast. Some of this “childish image” had been projected into the minds of Japanese consumers through the packaging and advertising that was being used here. Ohtaka set about changing this after realising that Japanese women were eating it as an evening snack. A rebranding focused on adults—including the successful promotion of its use in items like cheesecake has helped make Japan the second-largest market for Kiri.

Currently, all of Bel’s cheeses are imported from France. This gives the product a certain premium, authentic European cache, according to Ohtaka. On the down side, like many European companies operating here, Bel would face a strong immediate outcry if the demanding quality standards by the Japanese were at all compromised.

Last July, for example, a product recall saw nearly 20,000 packets of Kiri withdrawn from store shelves after tiny fragments of metal had been found by two customers. Although there was no resulting harm, Bel’s annual sales fell in

Japan for the first time after the media picked up the story.

“It got a lot of coverage on stations including NHK and NTV because Kiri is such a strong brand now,” says Ohtaka. “That’s the drawback of fame.”

As part of a re-launch in 2013, Ohtaka learned first-hand the regulatory challenges faced by food importers as he examined which varieties of the company’s Belcube range he could introduce into the local market.

“There are 40 or 50 flavours in France, but only a few conformed to Japanese regulations,” says Ohtaka.

He was given the go ahead by headquarters to develop a new range of Belcube for the local market. The result was selections to go with red wine and white wine, each with three flavours, which Bel began promoting in 2008.

“Because wine consumption drops off in the summer, we launched a beer version as well,” adds Ohtaka, who says sales of Belcube more than doubled within five years.

Belcube’s success in Japan attracted the attention of the firm’s operations elsewhere, and the new strategies have been tried out in South Korea and other Asian markets.

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Keita Koido

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reads

eURObiZ JAPAN

Going solar

SMA finds sunny opportunities in Japan

Text **CHRISTOPHER S THOMAS**

Japan is getting serious about solar power. Since the disasters of March 2011, governments, businesses and individual homeowners have seemingly awakened to the benefits of having new sources of power. The government's feed-in tariff (FIT) system has helped this process along by paying a generous rate for small-scale, renewable energy-sourced generators to feed power back into the grid. All of which means opportunities for companies with the right equipment at the right price.

Germany's SMA has been aggressively marketing its solar inverters in Japan, where it has found an enthusiastic customer base.

"This market is in its infancy, and it's constantly changing," said Yuji Kawakubo, managing director of SMA Japan. "Frankly, most people still don't even know what an inverter looks like, or even that they need one."

Inverters convert the direct current (DC) generated by solar panels into alternating current (AC) that can be used in homes or fed back into the power grid.

SMA's main edge in the Japanese market is its products' durability and resistance to corrosion (most are installed in Okinawa, where salt can be a factor). There is also the appeal that they are designed for outdoor installation—an attractive feature in Japan's cramped housing market. The premium reputation of German products in Japan doesn't hurt, either.

The company sells a range of products—home-use inverters as well as equipment targeting industrial-scale solar power plants. The company also sells solar power-related software, including an iPhone app for monitoring home PV (photovoltaic) systems.

SMA has struck a nerve with its affordable, all-in-one Sunny Boy Smart Energy units, which incorporate a PV inverter and a battery for power at night or on cloudy days. Die-cast aluminium construction makes them robust, and superior heat exchange makes air-conditioning units unnecessary.

As for cost, the company does not release data for individual units (which changes depending on volume), but Kawakubo points out that "a typical home unit should pay for itself in about 15 years at current FIT rates."

The main customers for the home-use inverters are builders and real estate developers for the time being; there are plans to release a retail version in the future to target the renovation market.

The company also markets 500-kilowatt utility-scale units for large-scale solar farms. The product's resistance to corrosion helped the company land a lucrative contract to supply inverters for the enormous—and high-profile—Mega Solar Power Plant in Kagoshima, southern Kyushu. The 70-megawatt project, which went online in November 2013, is the largest solar plant in the country. SMA is also attracting a lot of interest from smaller-scale commercial



© CHRISTOPHER S THOMAS

“THIS MARKET IS IN **ITS INFANCY**, AND IT'S CONSTANTLY CHANGING”

customers who want to build PV arrays on fields, car parks, and other locations.

SMA's products are building a strong reputation in the quickly expanding market, but such growth is bringing with it much fiercer competition and an inevitable squeeze on prices. As a result, Kawakubo says, "We are already shifting our focus from installation to maintenance and service, which are much more profitable."

"When the boom is gone, that'll be our sustainable business." 



Switzerland

Diplomatic relations between Switzerland and Japan were established on 6 February, 1864, with the signing of the Treaty of Amity and Commerce. In 2014, the two countries are celebrating the 150th anniversary. Along with some of the biggest Swiss multinationals, membership of the Swiss Chamber of Commerce and Industry in Japan includes many small and medium-sized companies. According to the SCCIJ, Japan is one of the major foreign markets for the Swiss economy, and represents the fourth-largest export market for Switzerland (after the EU, the US and China).



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Martin Fluck

President, Swiss Chamber of Commerce and Industry in Japan

www.sccij.jp

Text **MIKE DE JONG**

Japan and Switzerland are marking the 150th year of diplomatic ties. The Swiss Chamber of Commerce and Industry in Japan was founded in 1981 and officially approved by the Japanese government the following year. Executive committee member Michael Mroczek views the SCCIJ as a “secret passage between Japan and Europe with one door in Switzerland and the other in Nagata-cho, where the chamber is headquartered.” Chamber president, Kobe-born Martin Fluck, talks to EURObiZ about the past, present and future of the organisation.

Could you give us some background about yourself and the chamber in Japan?

I was born in Japan and spent my early childhood here. Later, I moved with my parents to Switzerland and grew up in Winterthur. Workwise, I have spent more than 30 years in the hospitality industry, mostly in Asian countries. Since 2001, I’ve been based in Tokyo where I am currently in charge of Oakwood for Japan, China, Hong Kong and [South] Korea. I became an SCCIJ Executive Committee member in 2010 and president in February 2013.

How many firms does the SCCIJ represent? Which are the leading ones?

The SCCIJ represents about 110 companies in Japan. Not all are of Swiss origin, though, but all have very good relations with either Switzerland directly, or with the Swiss community here in Japan. There is no particular leading company here in Japan; but each industry sector has its own leading companies, and in almost all sectors one or a couple of Swiss companies are represented. Among our members we have large international companies and small entrepreneurial boutiques.

In which areas do you feel Swiss firms lead in Japan and worldwide?

There are many areas where Swiss

industry and Swiss companies are in leading positions. Everybody probably knows the watchmaking industry and the private banking sectors. But there is much more. For instance, Switzerland is exporting more coffee today than cheese and chocolate combined.

Besides the food industry, Swiss companies are in leading positions in the pharmaceutical and chemical sectors. Trading and transport companies are also famous around the world; and, in particular, during the early days of the opening of the Japanese empire [in the mid-19th century], Swiss companies helped to increase trade between Japan and the continent. Switzerland is not only small and beautiful, but so [too] are our little wonders of medical technology. From hearing aids to prosthetic sockets and dental implants, there are many small and medium-sized companies developing innovative solutions to support a better and healthier life.

Can you tell us about other areas where Swiss companies are making a mark?

Swiss inventors, designers and business personnel have made their contributions to industrial growth and technological development. For instance, the World Wide Web (WWW) was invented and first introduced in Switzerland [Ed: Englishman Sir Tim Berners-Lee is credited with inventing the WWW while working at CERN in Geneva]. Software languages and technical devices were developed, and helped to boost information technology. Besides these [advances], Swiss artists and architects have also made their mark: Alberto Giacometti, Paul Klee, Ferdinand Hodler and Le Corbusier, the latter having created buildings in Japan [eg, the National Museum of Western Art, Tokyo].

How about Swiss wines? Are they becoming popular in Japan?

Switzerland has many very old and



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THE WORLD
WIDE WEB
WAS **FIRST**
INVENTED AND
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traditional wine regions. Famous are the white wines from the Canton de Vaud, especially the area around Lavaux which became a UNESCO World Heritage Site in 2007. But there is more to offer: in Switzerland, very well-known wines come from the cantons of Wallis, Geneva, Ticino, and many areas in the German-speaking part of Switzerland.

Although Swiss wine brands are still not well-known internationally, existing vineyards give a large choice of grape varieties. Swiss wines can be found as cultural ambassadors in Japan as well. But typical Swiss winegrowers are more dedicated to quality than to quantity; therefore, Swiss wines should be understood more as a high-quality niche product. 



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Inflation vs Deflation

Which is right for Japan?

Although there are many aspects to Abenomics, I believe the core of the programme is inflation. We know that gentle inflation soothes away debt, makes people feel slightly richer, raises asset prices against which you can borrow more, and is considered a good thing by economists.

Above all, inflation is caused by growing markets: prices rise naturally because demand slightly outstrips supply. Rising prices means rising profits, and a virtuous cycle is created.

Clearly, this is not what has been happening in Japan: prices have been dropping everywhere—in electronics, cars, apparel, food, rent, etc. And it's not just prices on daily consumer goods: asset prices have also been drifting down for decades.

These price declines are considered a very bad thing. But why? Normally, falling prices are a sign of a healthy market. In many industries, downward trending prices are a fact of life—think apparel and electronics and food.

What made me think about whether deflation is really so much of a problem is the sheer scale of the effort by the government to reverse deflation. It seems to me that if that takes so much effort, then the natural and healthier state of the economy is indeed deflationary, not inflationary. Further, by resorting to extreme measures to reverse deflation, you run the risk of making the situation worse.

Japan is not nowadays a naturally inflationary country: the demand for most conventional goods is plummeting. As it does in every country, once the advantages of catch-up growth and demographic boom reverse, GDP slows. This has little to do with choosing this or that policy; rather it's an inevitable cycle.

To return to inflation: to combat deflation the government is forcing up prices in painful ways—partly by artificially increasing demand through stimulus projects (although this is self-defeating, as demand shrinks twice as fast after the stimulus is withdrawn); partly by

injecting vast amounts of money into the system; and partly by raising taxes. Raising prices through consumption taxes is obviously the opposite of a healthy increase in demand. Raising taxes reduces demand.

Given the fundamental deflationary bias of Japan, the government has to “cheat” by flooding the system with money. If you push enough money into the system, prices will adjust higher—just as when you pour more water in the bath, your little rubber duck will float higher.

It's worth asking who really benefits from this type of artificially induced inflation. The main beneficiaries are—as you probably suspected—investors and the bankers who fund them. Bankers benefit because the faster and higher inflation rises, the more debt they can raise since inflation lowers the real value of the debt they need to repay. To raise debt easily, the best way is to secure the debt against rapidly rising assets. Under inflation, asset prices also go up rapidly, usually with ultimately catastrophic results.

Nobody else really benefits from artificial inflation. If you are a lowly paid worker, you will lose out to your employer, who will always put off raising your pay. Indeed, it might not go up at all if you are a weak, part-time worker without a strong union to represent you. If you are middle-class, the effect is neutral: your employer probably can't exploit you on your salary, but he won't raise it more than inflation. In terms of stress and hassle, it's negative. In terms of your pension, the value of your contributions—even under mild inflation—will be eaten away by the preposterous fees charged by the banks and by the effect over decades of compound rates of inflation.

Rising asset prices (housing and equity shares) certainly make you feel rich, but only as long as they increase in value—but they don't rise forever. That's fine if you are close to retirement and don't mind moving away. Otherwise,

“GENTLE
DEFLATION IS **THE**
FRIEND OF THE
PERSON WHO
WANTS A SIMPLE,
INDEPENDENT LIFE
”

you are stuck in your expensive house, unless you want to raise even more debt to buy a new one.

The case of elderly people is really instructive. Older people have spent a lifetime trying to build a nest egg to give them independence. But inflation (especially the artificial one) prevents you from being independent. With inflation, you will need to rely on the financial industry to make difficult investment decisions. In contrast, with deflation, you calmly put your money under your bed and its value goes up automatically—since the price of most goods and services is going down. You are beholden to no one. You save your hard-earned money, and it looks after you.

Gentle deflation is the friend of the person who wants a simple, independent life living off the fruits of his or her labour: not enviously looking on as speculators make easy fortunes flipping real estate or shares (for at least the time being). Deflation makes debt less attractive as the real value of repayment goes up. So debt punishes speculators and borrowers. It thereby also acts as a natural speed brake, and prevents economies from overheating—indeed, overheating is always caused by debt. The lesson is clear: Japan should learn to love deflation. ☺

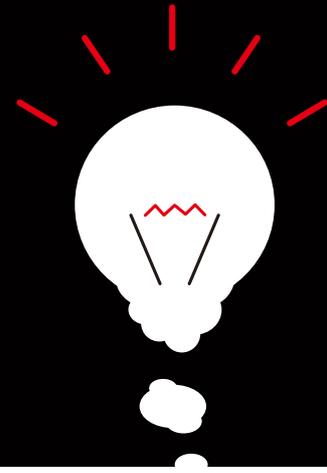


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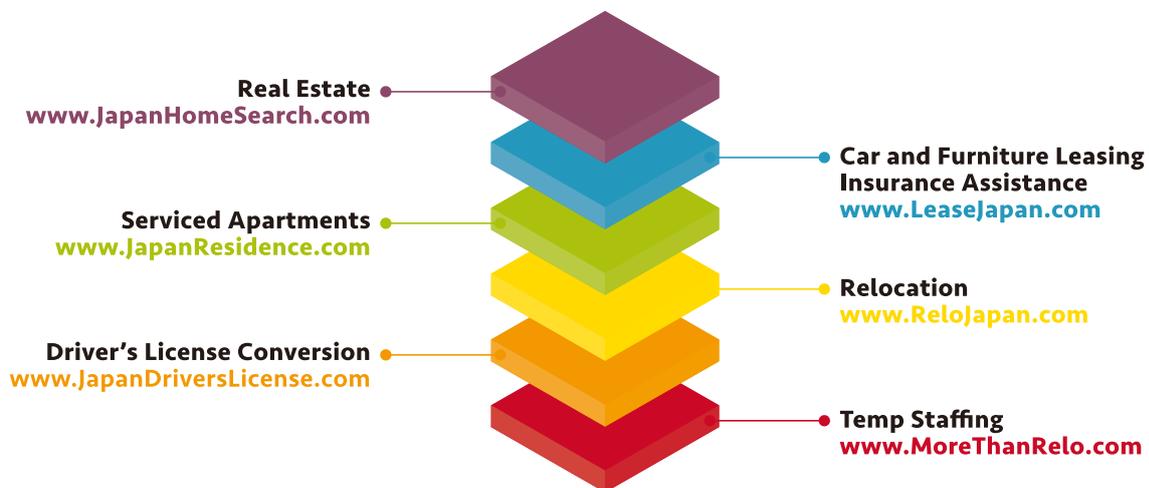
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JMEC 20

Tektronix takes top prize at awards ceremony, 11 June 2014

Text and photo **MIKE DE JONG**

“We took a very dry, esoteric market and made it easy to understand and, somehow, magically entertaining. That’s how we won.”

That is how John Monsanto, member of the Tektronix Communications’ team describes his group’s winning effort at this year’s Japan Market Expansion Competition.

“There were some very dark times when it seemed impossible,” says Monsanto, describing the work that went into the project. “It seemed that we couldn’t do it. But we did it. We survived.”

The Tektronix squad was one of 12 teams competing for the JMEC 20 prize. Their task was to develop a Japan market expansion strategy for a major telecommunications firm. A non-disclosure agreement prevents a public explanation of the project, which Monsanto describes as “a tool that is used for monitoring communications, to help improve things like your cell phone.”

Tektronix Communications sales manager Andrew Hodson was impressed with the group’s ability to learn quickly about a business that is mostly behind the scenes. “What they had to do was really come from zero to understanding how this infrastructure goes together, and the reasons why we exist as a company, and helping out our customers,” says Hodson. “And believe me, it was no mean feat. It’s very, very complicated, and they did a wonderful job to figure it out.”

“The Japanese telecommunications market is very conservative and difficult to enter for a foreign company,” says

team member Hiroyuki Masuda. “So our strategy had to fit this challenging market. I think our strategy was very good.”

Each winning team member [also including Mohammad Aminul Islam and Aki Nakamura] earned an HP tablet for their efforts—and a “Don’t Give Up” nickname from team coordinator Imai Jen-La Plante. “I’m proud that we finished and very excited about this result,” she says. “We had a pretty tough brief because it was in the information and communications technology industry, which is an area that we didn’t have a lot of experience. But it was very exciting for us to dive in there and learn as much as we could about it.”

“IT SEEMED
THAT WE
COULDN’T DO IT.
BUT **WE DID IT.**
WE SURVIVED”

JMEC is now into its 20th year. Originally created by the Australian & New Zealand Chamber of Commerce, the programme is supported by 17 chambers. It’s a two-part effort that combines classroom learning with hands-on experience, with participants learning to develop business plans and devise market expansion projects for real clients.

“This year, we have 66 participants from 14 different countries,” says JMEC



JMEC 20 first prize winning team: “Don’t Give Up” from Tektronix Communications (l-r) John Monsanto, Mohammad Aminul Islam, Hiroyuki Masuda and Imai Jen-La Plante. (Aki Nakamura not pictured)

programme director Trond Varlid. “We have people working for Amazon Japan, Toyota, Novartis, Louis Vuitton, ABB, Volvo Trucks, Bloomberg, etc. That’s really one of the hallmarks of the programme—that people have this very diverse background in terms of nationality and professional background. So it creates a really great atmosphere for producing some really interesting business plans based on very creative ideas.

“During the project phase of the programme, participants have a chance to actually play consultants on real projects,” adds Varlid. “That really sharpens your mind because you’re not just working on theoretical business-case studies where there is really nothing at stake. But you have a real client and real issues, working on a cross-cultural team. That’s a very unique experience—and maybe JMEC is one of the few training programmes where you can get it.”

“I learned a lot about team-building,” says Masuda. “It was difficult to proceed with this project; sometimes we had a very difficult time, but we pressed hard.”

“Diplomacy,” says Monsanto, on what he learned from JMEC. “How to smooth over conflicts; how to get people back on the same page. It might sound cliché, but I think the thing I really learned was how to not give up on something.” 

JMEC 20 top teams

Team “6th Sense”
Fusion Systems

2

Team “Don’t Give Up”
Tektronix Communications

1

Team “5 Stars”
McGill MBA Japan

3

Tax//

Sharpening pencils for coming changes

Text **GEOFF BOTTING**

Japan's tax landscape has been experiencing some ground-breaking reforms. But that doesn't mean the work is finished. Not by a long shot.

Japan's tax policymakers and tax professionals can expect many more challenges in the years ahead.

The big news recently has been the hike in the consumption tax by 3 percentage points to 8%, with a future 2% rise scheduled for October 2015. The government's rationale: to generate enough revenue to keep social security programmes running, as Japan's population gets greyer.

The corporate tax rate, meanwhile, is set to head in the opposite direction. It is slated to be cut in stages as a way of supposedly keeping Japanese companies healthy in an increasingly competitive global economy and to attract more foreign investment.

The EBC Tax Committee, naturally, has taken an active interest in these issues. In particular, much of its attention is focused on a new initiative: broadening the base of the corporate tax.

"Everybody has been talking about the reduction of the corporate tax rate. That's one aspect. But the other is the broadening of its base," explains committee chairman Hans-Peter Musahl. "You don't need to be a mathematical genius to realise that if you reduce the corporate tax rate, and you still want

Tax Committee Key advocacy points

→ **R&D tax incentives** - R&D in Japan by foreign investors should be eligible for tax credits under planned tax reforms, even when the expenses are not borne locally.

→ **Accountability and confidentiality** - Japanese tax authorities should act with greater transparency and accountability. Leaks of confidential tax information to the media should be curtailed.

→ **Tax treaties** - New or revised tax treaties between Japan and EU member states should address problems related to withholding tax on royalties and qualified dividends and interest.

the same tax revenues, you need to broaden the tax base."

An example of where we may see tax rules getting tougher is the tax base of companies that are in the red or profitable again, but still carrying forward net operating losses (NOLs) from prior periods. A company now can offset 80% of its current taxable income against its NOL carried forward. As part of base broadening, there would be greater limitations on the amount of NOL carried forward to offset current taxable

income: for example, only 60% rather than 80%.

Another possible restriction would be the time for which losses could be carried forward. For a long time the EBC has fought for a longer tax-loss carry-forward period, which was extended from seven to nine years in December 2011. Now the wheel could be turned back to seven years.

The broadening of the Japanese tax base and change in tax laws also will be affected by the "base erosion and profit shifting" (BEPS) project of the OECD (Organization for Economic Co-operation and Development). The project emerged in 2013, prompted by the belief that national tax laws worldwide had failed to keep pace with today's interconnected, globalised economy. The project also emerged from the backdrop of media reports on corporate tax "avoidance", which accused Amazon.com, Google and other high-profile corporate online heavyweights of not paying their fair share of taxes. In many cases, the allegations prodded politicians into action.

Consequently, the focus of the BEPS project is to fix the current weaknesses of the international tax system, which now allows for tax abuse, and to align tax rules with the modern, global, digital economy.

"This whole BEPS discussion is part of the equation on broadening the tax

base in Japan ... this is a global move where Japan is a player," says Musahl, adding that Japanese officials occupy senior positions in the OECD overseeing the BEPS programme. The G20 International Tax Symposium, held in Tokyo in May, had the OECD in attendance and the BEPS as the global symposium's main topic.

One key aspect of BEPS is the digital economy, with much discussion focused on whether there should be tax rules exclusively for it. "The main conclusion of discussions has been, 'You can't ring-fence the digital economy,'" says Kevin Atkins, a partner at Ernst & Young Tax. "The other outcome of a report is that there is going to be a VAT [value-added tax] not only on the Rakutens and the Googles of this world, but also on all the digital economy operators." In Japan, digital transactions with a company based overseas are generally not subject to the 8% consumption tax.

Citing one example, the German Musahl, pointing to his smartphone, says: "If I use that to download the Frankfurt Allgemeine or any other German newspaper here in Japan, I'll pay neither European VAT nor Japanese consumption tax ... But, if the newspaper came to me in paper form, Japanese consumption tax would be applied upon its import."

Among the other 15 action areas being addressed in the BEPS project

are preventing treaty abuse, transfer pricing documentation and "country-by-country" reporting. For BEPS to work, therefore, coordination and cohesion among the bigger countries is essential.

"If the OECD can't coordinate this—if it can't get the majority of countries on the same page—we're going to have double taxation," Atkins says. The possible increased risk of double taxation and disagreements with tax examiners are of concern to multinational companies, he adds.

The EBC Tax Committee is doing its part to monitor developments, provide input and keep stakeholders up-to-date. "We have been inviting a number of companies, including European companies and anyone who has a big interest in what's going on, to come and discuss it," says Musahl, a partner at Ernst & Young Tax.

Starting next year, Japan's authorities are planning to apply the consumption tax to businesses overseas that sell digital products in Japan. Two approaches are planned: one for B2B transactions, and the other for B2C retailing. Regarding B2B, both parties may be required to register and file their sales transactions with Japan tax authorities. Corporate customers in Japan will be requested to withhold the consumption tax on products or services received.

"That would be a 'reverse charge' model, because usually the

“ IF THE OECD
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consumption tax is collected and paid by the provider of the services, not its recipient," Musahl says. The Europeans actually introduced the reverse-charge model and so Japan would now be following suit.

In regard to B2C sales, the onus would be on the provider to register and file in Japan, as well as pay the tax to the Japan tax authorities. Musahl adds: "You can't expect students or children [consumers] to do this kind of thing."

Broadening the corporate and the consumption tax base in these ways is an ambitious and challenging step in an era of lightning-quick electronic transactions unimpeded by national borders. The next two or three years, therefore, should be a busy time for governments and tax professionals, such as members of the EBC Tax Committee. 

Lead trumpet >

Text and photo **TIM MAUGHAN**

When one enters the room and closes the door, no sound can be heard from the outside world. The Kobe-bound commuter train is no longer audible; neither are the excited shrieks of trumpeter Harald Naess's one-year-old daughter.

It is the inner sanctum of Naess's world—a ¥3 million soundproof room in his Nishinomiya, Hyogo apartment—where he practices before going to work. His job? Principal trumpeter with the Kyoto Symphony Orchestra.

Brass instruments have been the Norwegian-born Naess's bread and butter since he was a child. Originally from Sørumsand, a town between Oslo and the Swedish border, Naess started playing the cornet when he was nine. As his skills improved, he performed at weddings and funerals.

At the age of 20, Naess studied to become a brass instrument teacher. Later, as part of compulsory military service, he played the trumpet in a Norwegian military band. After getting out of the service, Naess earned degrees in Chamber Music and Orchestra Play, then worked as a freelance trumpeter in Norway and Sweden before setting his sights on Japan.

"In 2005, I saw an advertisement for trumpet players, for a new orchestra in Japan—the Hyogo Performing Arts Center Symphony Orchestra," he says. "I was invited to the orchestra audition

in London. It was the first time in my life I had been there; it was fun, and a little bit scary. I saw it as a sightseeing opportunity, because I thought I had no hope of getting this job."

But he did, and was offered a two-year contract. Surviving the "culture shock" of Japanese bureaucracy—which required him to submit all of his educational documents and records of employment dating back years—Naess subsequently moved over to the Kyoto Symphony Orchestra, a position he still holds.

"There is a lot more bureaucracy here," he says. "There is a big clash between the European and Japanese cultures."

As principal trumpeter, Naess typically plays two or three concerts a week. The rest of his time is spent rehearsing. As one of four trumpet players in the 83-piece orchestra, his role is prestigious, requiring total dedication. The demands of practicing and performing mean that he must be in top physical condition. Naess works out regularly in his soundproof room, keeping his abdomen trim; and regular trumpet practice ensures that his facial muscles are honed to perfection.

"It's like being an athlete, I have to exercise my muscles every day," he says.

Standards are so exacting that, like an Olympian, Naess believes a lack of physical conditioning would immediately show in his live performances.

"Basically, I have to vibrate my lips for two hours a day, to maintain the muscles," he points out.

When he's practicing in his soundproof room, resonators on the walls absorb the sound and, in turn, reflect the trumpets' various frequencies. Remarkably, the resonators are designed specifically for the instrument.

"If we moved house, we could tear the soundproof room down, but the windows would be in the wrong place. They are fitted to exactly match the room of this apartment.

"In order to practice when I want to, I need a soundproof room—not only for the neighbours, but for my family too, because sometimes the orchestra schedule means that I have to practice really early in the morning, or late at night."

Naess sets out the tools of his trade on the floor of the room. In all, he has nine instruments: eight trumpets and a cornet. To the layman, a trumpet is a trumpet. But to a trained professional, every instrument is different.

"Each trumpet has a different sound colour and unique characteristics for different types of music," he says. "For example, for really high notes—in passages of certain choral works—you need to use a piccolo trumpet. [It's] a small trumpet that makes it easy to hit the notes."

A performance with the Kyoto Symphony Orchestra lasts just over an hour and a half, and is split into two timed sections. Often, the entire ensemble will sit down, leaving him to perform a trumpet solo.

"That can be nerve-wracking, but that is what I am paid to do," he says. 

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wildlife. This high-altitude alpine plateau provides amazing views of the peaks and the headwaters of the Kusakawa. The free-flowing alpine river cascades deep into the Kamoshika Canyon – carving smooth swirls into the soft volcanic rock. The resulting masterpiece of smoothly sculpted basalt creates slides and waterfalls that provide the perfect place to enjoy the thrill and excitement of canyoning. With roots in the European Alps, this sport has become a very popular pastime for those looking for adventure in the breathtaking landscapes that only the Japan Alps provide.

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Is the Eurozone crisis over?

For the first time in history, a major central bank cut interest rates below 0%. The ECB (European Central Bank) — under increasing pressure and falling short of outright Quantitative Easing (QE) — decided to lower the cost of borrowing, which has been at historic lows since 2008. So is this a positive step by the ECB, or a case of too little, too late?

Whilst there has been a recovery in the Eurozone — most notably in Ireland and Spain — there are significant structural challenges that have not been addressed in many of the Eurozone countries. The most obvious issue of all, perhaps, is debt. Despite tough austerity measures taken across the community, the ratio of government indebtedness to GDP (gross domestic product) has risen — and continues to rise. Indeed, with little or no growth in the periphery and stubbornly high unemployment levels, countries in the Eurozone face a long period of decline, including a prolonged fight against deflation. It is here, perhaps, where the greatest challenge exists — and why the ECB should adopt a more unconventional policy, starting with QE.

Deflation slowly but surely has crept in, increasing the debt burden and ensuring that a vicious debt cycle is maintained. Whilst the ECB should be applauded for its recent actions, if we compare events in the US, the UK and presently Japan, the Eurozone has no choice but to engage in more aggressive measures.

It is clearly apparent to me that it is Germany who is holding the Eurozone back. The country has a fear of inflation, given the experiences

of the 20th century Weimar republic of hyperinflation. Furthermore, the German psyche of fiscal prudence makes the country reticent to allow those in the periphery of the Eurozone to escape their responsibility to reform, spend less and impose austerity measures on their people. In effect, each individual member state should put their books in order without a bail out from Germany. Whilst most would agree this is the responsible thing to do, the question remains as to how long current policy can be allowed to continue.

So, would QE work? Most would agree that QE is not a long-term panacea for the US, the UK, Japan or the Eurozone. However, given that interest rates are negative, debts are increasing with little in the way of growth or job creation, the Eurozone will continue to lag behind the rest of the world and remain in the quagmire of its own doing. If the worry is financial instability brought about by QE, then a long and deep recession is an even less desirable alternative. With a Eurozone GDP still 2.5% below where it was in 2008, the case for QE is overwhelming.

As a closing thought — and for those who would still suggest that the current state of affairs is the right policy — it's worth remembering that the 28 nations of the EU account for 7% of the world's population, 25% of global output and 50% of world-wide welfare spending. So, it's better for change to be implemented from within the Eurozone, rather than imposed from outside — a sobering thought for all policy leaders, businesses and families who have an interest in this hugely significant economy.



“The Eurozone has no choice but to engage in more aggressive measures”

Trevor Webster ACSI,
Area Manager, deVere Group

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Brand building

Why Japan plays catch-up with regional competitors



BRAND AID is a forum for experts in public relations and communications.

Nation branding is all the rage these days as governments and industry seek a competitive marketing advantage in attracting business, trade and tourism. Japan feels a greater sense of urgency in the 2020 Olympics spotlight as it plays a game of catch-up with regional competitors like China, South Korea and Taiwan.

China alone is the biggest winner in international public relations. The ubiquitous language and cultural promotion of its "Confucius Institutes" are embedded on hundreds of university campuses across the globe.

Many universities are hard pressed to resist the presence of self-financed cultural diplomacy institutes that meet the growing demand for foreign language and culture instruction. China has a goal of 1,500 Confucius Institutes by 2020, but these institutes have increasingly become the target of resistance—as academic freedom questions emerge about a one-way government propaganda purpose.

The Republic of Korea has its own King Sejong Institutes and Korean Cultural Centers that are on the rise, along with global interest in the movies and TV dramas of Korean Wave or the music of K-Pop.

The Japan Foundation (JF), which coordinates international exchange projects, celebrated its 40th anniversary in 2013. JF has 22 overseas offices in 21 countries, with 25 Japan Cultural Centers. Meanwhile, Japan's public diplomacy budget—the government's name for nation branding—has declined by one-third over the last decade.

What is Japan's answer to the Confucius Institute? This is part of the problem when a nation has been too passive about its national image and reputation management.

Japan's Ministry of Economy, Trade and Industry (METI) is at the forefront of a Cool Japan campaign to boost Japanese products through more private industry-government collaboration. This is all well and good as Japan's reputation for quality, design and attention to detail puts it on the path of a global culture super power.

But a narrow focus on corporate goods and services, or even a designation of Washoku on UNESCO's Intangible Cultural Heritage list, is insufficient in raising the nation-branding profile of Japan. It's not enough just to increase the global and regional presence of Cool Japan products like manga and anime or J-Pop and J-Fashion. Persuasion 101 tells us that it is the customer who gets to decide what's cool, not the seller. And far too many countries have designated their culture as cool (e.g., Cool Britannia), long before Japan took on the mantle.

If Japan is known best for Cool Japan *otaku* or cosplay—or foreign press buzzwords like "weird" and "wacky" associated with the Tokyo nightlife—then Japan's nation-branding efforts narrow-cast the millions of attractive features that don't play as well on the global market. International visitors to Japan aren't that different from buying customers. In order to give up their money in exchange for goods or services, they want sellers to answer this: "Yeah, you're cool. So what. What's in it for me?"

Having a government bureaucracy like METI lead the nation-branding effort is a recipe for a top-heavy, risk-averse, business-as-usual outcome, which Japan cannot afford. Japan needs to tap more into its "cultural creatives"—from social and business entrepreneurs to global citizen ambassadors in the educational and cultural exchange sectors. These sectors attract people with a greater tolerance for risk and adventure.

What does a country do when the pull

“A NARROW FOCUS ON CORPORATE GOODS AND SERVICES... IS INSUFFICIENT IN RAISING THE NATION BRANDING PROFILE”

factors of image, reputation and credibility are so paradoxical? There are just as many people drawn to Japan for its quiet temples and forests. How does one reconcile a robot restaurant with a walk in the woods?

It might be worth asking international visitors what draws them to Japan. Andrew Tuck, editor of *Monocle*, a London-based global affairs and lifestyle magazine, said of his recent trip here: "Having good manners shouldn't be difficult, but a country as well behaved as Japan has turned being nice into an art. And if I was in charge of marketing for Japan, I'd be bottling it and selling it. Being nice is nice."

Tuck's comments reflect a truism in marketing. People tend to buy products, services, or country visits based on feeling and emotion. If you feel kindly appreciated or understood, it doesn't matter if you understand all the features and details of what is being offered. This may reconcile the weird and wacky Japan with the refined and quiet one. 



DR NANCY SNOW is an Abe Fellow and Visiting Professor at Keio University's Institute for Media and Communications Research.



CASINO Night

Friday, October 17, 2014
6:30pm - 0:00am

◆◆◆
The Westin Tokyo

◆◆◆
15,000 yen
(buffet dinner & drinks incl.)

ラン・フォー・ザ・キュア・ファンデーションは10月17日(金)に第2回「カジノナイト」ファンドレイザーを開催します。おいしいケイジャン料理やドリンクを堪能出来るとともに、ブラックジャック、テキサスホールデムポーカー、ルーレット、ビッグシックス、クラップス、スロットマシンなど、様々なカジノゲームをお楽しみ頂けます。ライブオークションやサイレントオークション、抽選会も開催される他、ライブミュージックの演奏も!

みなさん、是非黒いメガネやアイパッチを身につけてご来場ください。着用してご来場の皆様に抽選券を1枚プレゼントします。

Run for the Cure® Foundation's second Casino Night fundraiser serves up an authentic Cajun buffet dinner and plenty of drinks. From blackjack, Texas Hold'em poker, roulette, big six, craps and those one-armed bandits to live and silent auctions, raffle and live music, it's a fun-filled evening out for a great cause.

Black-rimmed glasses or a black eye patch gets you one free raffle ticket!

Come... Let the good times roll...

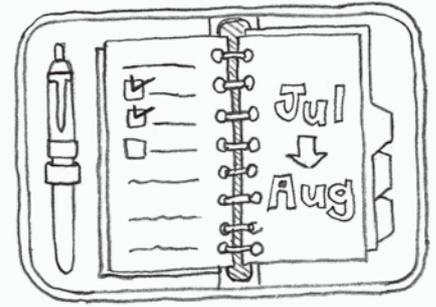


Guest Chef

BOURBON STREET, Tokyo's only N'Orleans restaurant, and Guest Chef, Sohan Ahluwalia
Cajun and Creole roots make New Orleans cuisine totally unique. Part French, part African,
part Soul, with a sprinkling of fun and lots of love, adds up to Great Food! Wash down with
plenty of booze and garnish with The Big Easy blues and jazz.



Upcoming events



► **Belgian-Luxembourg Chamber of Commerce in Japan**
www.blccj.or.jp

Monthly beer gathering

22 July, Tuesday, 19:00-23:00

Venue: Belgian beer café in Tokyo
Fee: Pay for what you drink
Contact: info@blccj.or.jp

Annual Summer Pool & BBQ Party

30 August, Saturday, 15:00-22:00

Venue: Hilton Tokyo Bay, pool area, JR Maihama station
Fee: ¥10,000 (members), ¥12,000 (non-members), half price (children up to 12 years)
Contact: info@blccj.or.jp

Belgian shop @ Belgian Beer Weekend Tokyo

4-15 September, Thursday-third Monday, 11:00-22:00

Venue: Roppongi Hills Arena, Roppongi
Fee: Pay for what you buy
Contact: info@blccj.or.jp

► **British Chamber of Commerce in Japan**
www.bccjapan.com

Luncheon: Inside Abenomics

8 July, Tuesday, 12:00-14:00

Speaker: Keisuke Suzuki, House of Representatives, Liberal Democratic Party of Japan
Venue: Shangri-La Hotel Tokyo, 27F, Pavilion Room, Tokyo station
Fee: ¥6,000 (member), ¥8,500 (non-member)
Contact: info@bccjapan.com

Joint Party: 51 Night – A Midsummer Night's Dream

24 July, Thursday, 19:00-21:00

Venue: Conrad Tokyo Annex, 1F, Hamarikyu Ballroom, Shiodome station
Fee: ¥5,500 (members), ¥7,500 (non-members)
Contact: info@bccjapan.com

► **Finnish Chamber of Commerce in Japan**
www.fcc.or.jp

FCCJ Yakatabune: Finnair AY4159 - Honka HJ4169 code-share cruise

29 August, Friday, 18:30-21:00

Venue: Funayado Miuraya, Tokyo
Fee: ¥9,000 (members and guests), ¥11,000 (non-members)
Contact: fccj@gol.com

► **French Chamber of Commerce and Industry in Japan**
www.ccfj.or.jp

CCIFJ After-Summer Cocktail Party 2014

4 September, Thursday, 19:00-21:00

Contact: www.ccfj.or.jp

► **Italian Chamber of Commerce in Japan**
www.iccj.or.jp

Eatalian Bio Tokyo

15 July, Tuesday

Venue: Armani Ristorante, Tokyo
Fee: Free entry (registration, organic food operators only)
Contact: promo@iccj.or.jp

Eatalian Bio Osaka

18 July, Friday

Venue: Orobianco, Osaka
Fee: Free entry (registration, organic food operators only)
Contact: promo@iccj.or.jp

Seminar: Venetian Cuisine Workshop (Lesson #6)*

22 July, Tuesday, 19:00-21:00

Speaker: Chef Paolo Colonnello
Venue: Italian Chamber of Commerce in Japan
Fee: ¥4,000 (members), ¥5,000 (non-members) for one lesson
Contact: promo@iccj.or.jp

* Series of 9 lessons – 4 August; 8, 24 September

Biritalia—Italian Beer Garden

31 July, Thursday, 19:00-21:00

Venue: Hyatt Regency Tokyo, Space Seven
Contact: promo@iccj.or.jp

► **Swedish Chamber of Commerce and Industry in Japan**
www.sccj.org

Back to Tokyo

9 September, Tuesday, 19:00-21:00

Venue: Embassy of Sweden
Fee: ¥4,000
Contact: office@sccj.org

JULY

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AUGUST

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Beach Day in Chigasaki

20 September, Saturday, 10:00- (all day)

Venue: beach in Chigasaki
Fee: ¥3,500 (children under 8 years of age are free)
Contact: office@sccj.org

► **Swiss Chamber of Commerce and Industry in Japan**
www.sccj.jp

Business Innovation Forum*

9 July, Wednesday, 13:30-18:00

Speakers: various, including Johann Schneider-Ammann, Federal Councillor
Venue: Academyhills Roppongi, Tokyo
Fee: free if pre-registered
Contact: laura.grazioli@eda.admin.ch

* Organised by the Embassy of Switzerland

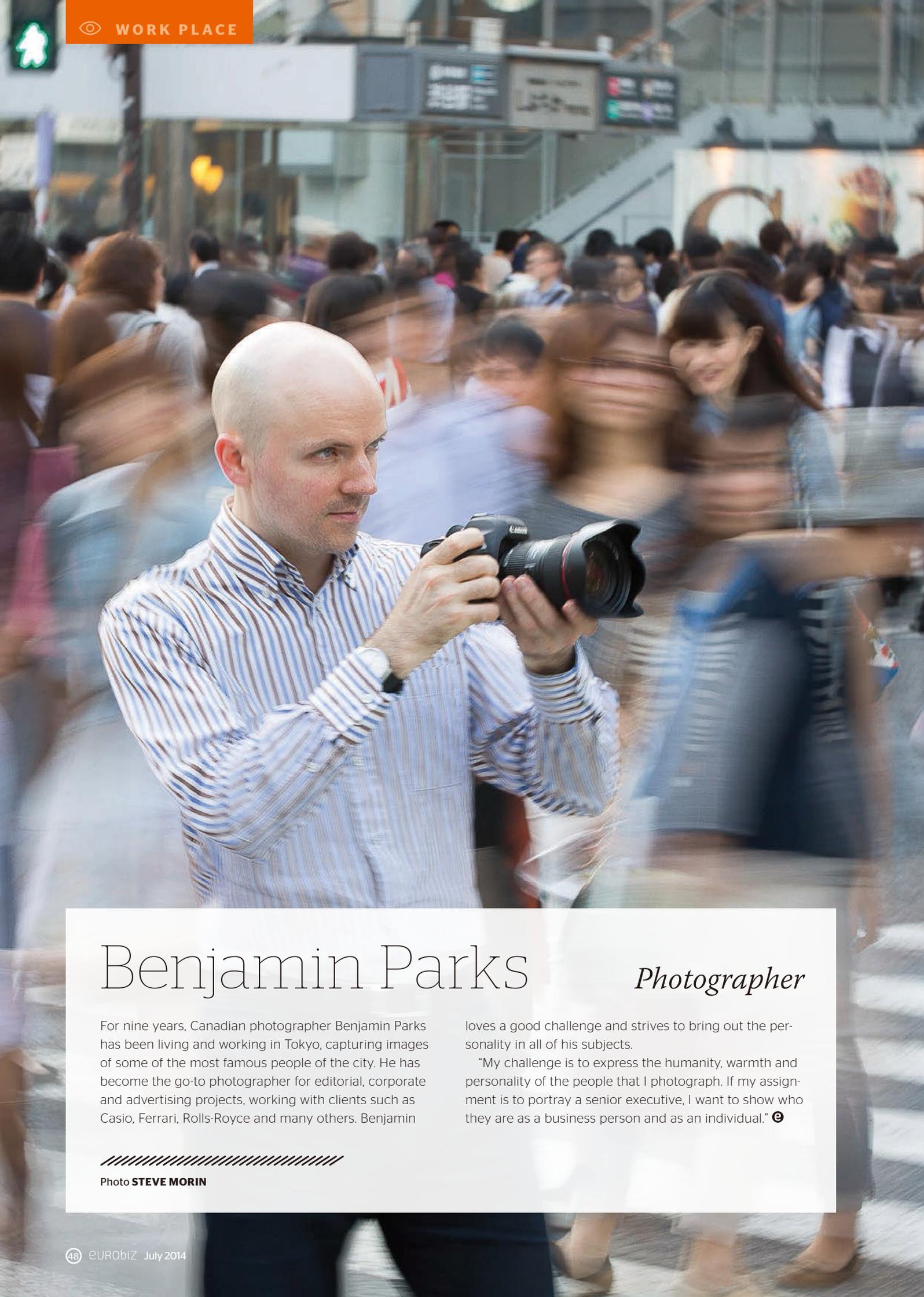


Rainy season

Photos and text **Alfie Goodrich**

Growing up and living in England for many years, I saw my fair share of rain. But my first typhoon season in Japan—where 200-300 millimeters of rain in an hour is not unusual—redefined “downpour” for me entirely. Needless to say, shooting in this sort of weather requires a camera with some serious weatherproofing. I’ve ended up looking like a drowned rat more than once in my pursuit of the perfect shot. The camera seems to shrug it all off remarkably well ... **e**





Benjamin Parks

Photographer

For nine years, Canadian photographer Benjamin Parks has been living and working in Tokyo, capturing images of some of the most famous people of the city. He has become the go-to photographer for editorial, corporate and advertising projects, working with clients such as Casio, Ferrari, Rolls-Royce and many others. Benjamin

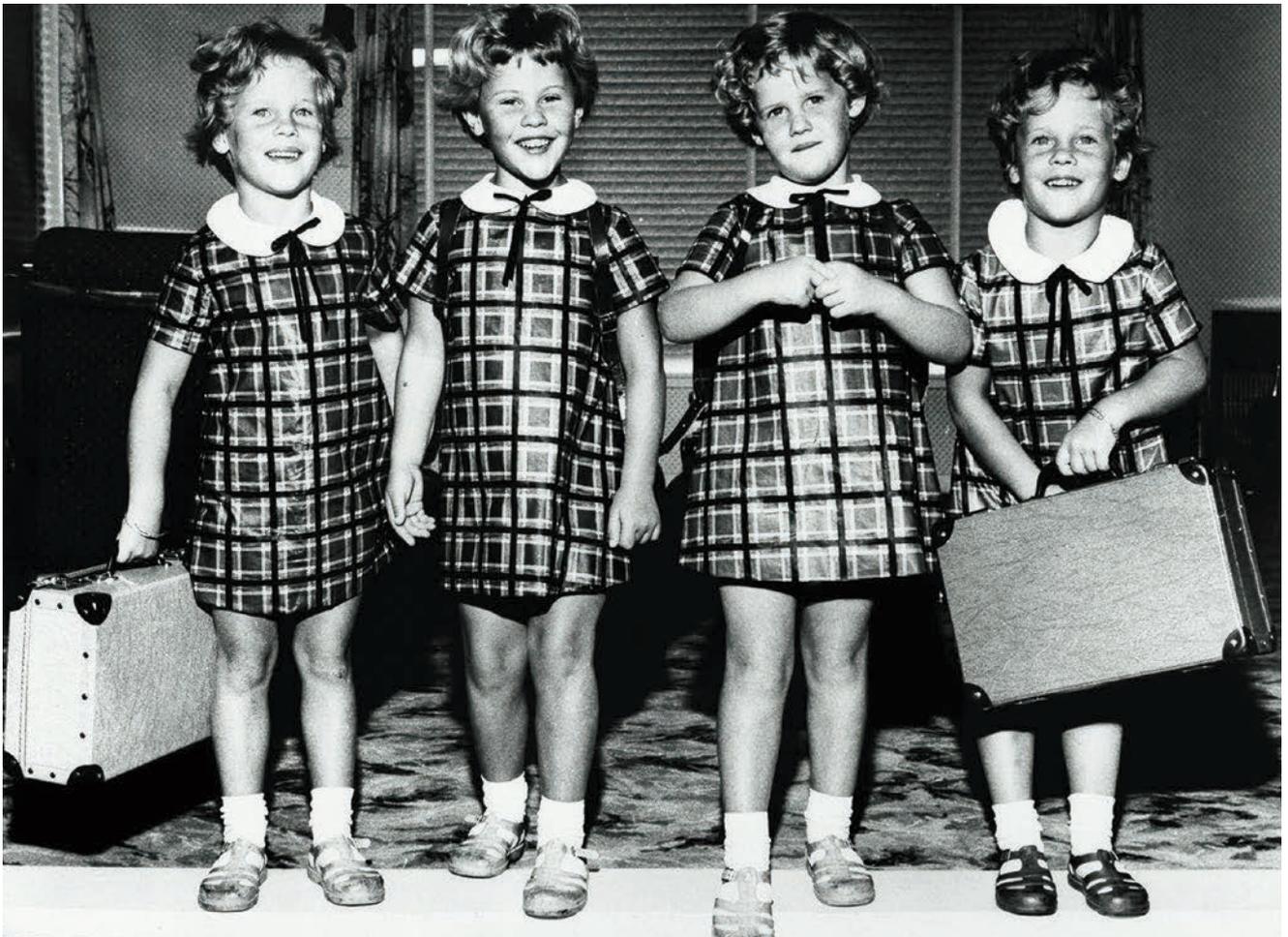
loves a good challenge and strives to bring out the personality in all of his subjects.

"My challenge is to express the humanity, warmth and personality of the people that I photograph. If my assignment is to portray a senior executive, I want to show who they are as a business person and as an individual." 



Photo **STEVE MORIN**

Life is a Journey



Safari collection



GLOBE-TROTTER

35 Albemarle Street, London



When the next move is critical,
one name should Spring to mind.
springjapan.com

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Professional